

Working Healthy Income

KEESM 2664.3

How is Income counted?

Earned Income

Earned Income for Working Healthy is defined as income which is subject to Social Security and Medicare, or FICA, taxes being paid. There are two situations that you may encounter in trying to verify FICA taxes are being paid.

- FICA taxes are subject to the very first dollar earned. Employers are required to withhold FICA from your paycheck if you are considered an employee. The employer pays half of the full tax due and the employee pays the other half. If a person is self-employed income is also subject to Social Security and Medicare tax, but is withheld under the Self-Employment Contributions Act (SECA) and the person pays the full amount due. If the person has been self-employed long enough to have filed a tax return, the IRS sends them forms to make quarterly deposits at designated banks authorized to receive these monies. If they have not been in business long enough to have filed a return, they will have to contact an accountant or the IRS for the forms. A person is not eligible for the Working Healthy program until they prove they have made FICA or SECA payment.
- There are instances where wages are not subject to FICA or SECA withholding due to federal law. Eligibility may be approved if there appears to be an employer-employee relationship.
 - Wages received by a student from the college or university in which the student is enrolled (e.g. a work study program or teaching assistant position)
 - Certain earnings of a non-resident alien. Non-resident aliens in the country on a work visa will not have FICA withheld. The only time you would have these are in SOBRA situations.
 - Certain earnings of clergy men and women or ministers.

Questionable situations may be referred to the E & D Medical Policy Manager, Tim Schroeder at KHPA for review.

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The definition of earned income has not changed for the MS program. There may be occasions where a person has earned income, but it does not meet the criteria to qualify them for the Working Healthy program.

Examples: Sale of blood is considered earned income for the MS program, but since FICA is not withheld this income alone does not make a person eligible for Working Healthy. Long term sick pay is not considered earned income, but a person may be eligible under the temporary unemployment provisions of Working Healthy.

Income Guidelines

- ★ The employer letter notice includes a space for an employer to mark if the earnings are subject to FICA.
- ★ Countable income not to exceed 300% of the federal poverty level for the household size.
- ★ Income budgeting follows regular MS program guidelines.
 - Countable monthly earned income must exceed the standard earned income disregard of \$65.00. (Persons with income below the disregard are not eligible for Working Healthy!) Countable income is determined after considering all income-producing costs, self-employment expenses, IRWE and BWE allowances.
 - Must be earning at least federal minimum wage. (\$6.55 effective 7/24/08) Persons earning wages below this level are not considered fully employed for WH purposes.
- ★ The Income disregards applicable to the MS program apply to Working Healthy
- ★ There is an additional income exemption for Working Healthy consumers:
- ★ Money deposited into an Individual Development Account (IDA).

Based on the income of those on the WH assistance plan, there may be a WH premium obligation. We will cover this later.

Tor F?	Do you know income policy?
	Thelma received her regular year end bonus in December and applies for assistance in April. This income is countable.
	Chad received a check for \$350 from AARP as they determined he paid for a medical service that should have been covered by his health insurance. This is exempt.
	A state employee's wages should be converted by multiplying the average amount by 4 since they are paid every two weeks.
	Melvin received \$100 from the Salvation Army to help him secure an apartment after he lost everything in a fire. The \$100 is exempt.